

**NEW YORK DISASTER INTERFAITH SERVICES**

**DECEMBER 31, 2007**

OWEN J. FLANAGAN & COMPANY  
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MEMBERS  
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Independent Auditors' Report

The Board of Directors  
New York Disaster Interfaith Services

We have audited the accompanying statement of financial position of New York Disaster Interfaith Services as of December 31, 2007, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. The prior year summarized comparative information has been derived from the Organization's December 31, 2006 financial statements, and in our report dated May 10, 2007 we expressed an unqualified opinion on those financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York Disaster Interfaith Services as of December 31, 2007 and its changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the organization will continue as a going concern. As discussed in note 7 to the financial statements, the Organization has a deficiency in unrestricted net assets that raises a substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

*Owen J. Flanagan & Co.*

October 16, 2008

NEW YORK DISASTER INTERFAITH SERVICES  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2007  
(With Comparative Totals for 2006)

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash		
Checking	\$ 4,910	\$(13,872)
Money Market	<u>113,208</u>	<u>16,350</u>
	\$118,118	\$ 2,478
Investments, at fair value	400,032	488,308
Grants receivable	-	143,816
Other receivables	-	7,183
Prepaid expenses	4,106	3,416
Lease security deposit	29,807	29,807
Fixed Assets		
Furniture	27,848	15,097
Office equipment	<u>93,577</u>	<u>75,750</u>
	121,425	90,847
Less: Accumulated Depreciation	<u>(77,566)</u>	<u>(58,386)</u>
	43,859	32,461
<u>Total Assets</u>	<u>595,922</u>	<u>707,469</u>
<u>LIABILITIES</u>		
Accrued expenses	<u>\$ 37,210</u>	<u>\$ 45,015</u>
<u>Net Assets (Deficit)</u>		
Unrestricted - General	\$(333,865)	\$(26,915)
Unrestricted - Fixed Assets	<u>43,859</u>	<u>32,461</u>
	(290,006)	5,546
Temporarily Restricted	<u>848,718</u>	<u>656,908</u>
<u>Total Net Assets (Deficit)</u>	<u>558,712</u>	<u>662,454</u>
<u>Total Liabilities and Net Assets (Deficit)</u>	<u>595,922</u>	<u>707,469</u>

The accompanying notes are an integral part of these financial statements.

NEW YORK DISASTER INTERFAITH SERVICES  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2007  
(With Comparative Totals for 2006)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2007 Total</u>	<u>2006 Total</u>
<u>REVENUES</u>				
Membership and initiation fees	\$ 28,100		\$ 28,100	\$ 26,900
Grants and donations	5,740	\$2,536,861	2,542,601	2,113,178
Interest and dividends	42,251		42,251	37,102
Investment gain (loss)	-		-	11,560
Other	<u>5,994</u>		<u>5,994</u>	<u>204</u>
<u>Total Revenues</u>	<u>82,085</u>	<u>2,536,861</u>	<u>2,618,946</u>	<u>2,188,944</u>
Net Assets Released from Restriction	<u>2,648,350</u>	<u>(2,648,350)</u>	<u>-</u>	<u>-</u>
Program Spending Exceeding Contributions (To be covered by unrestricted)	<u>( 303,299)</u>	<u>303,299</u>	<u>-</u>	<u>-</u>
<u>Expenses</u>				
Program				
Recovery and Victim Advocacy				
9/11 Recovery	207,964		207,964	340,556
Response/ Recovery	27,166		27,166	138,461
Unmet Needs Roundtables				
NYC 9/11 Unmet Needs Roundtable	1,885,003		1,885,003	1,246,001
Disaster Planning and Training	140,503		140,503	252,709
VISTA Program	42,037		42,037	-
Chaplaincy	<u>53,518</u>		<u>53,518</u>	<u>-</u>
Total Program	2,356,191		2,356,191	1,977,727
General and administrative	203,994		203,994	256,814
Fund-raising	<u>162,503</u>	<u>-</u>	<u>162,503</u>	<u>102,633</u>
<u>Total Expenses</u>	<u>2,722,688</u>	<u>-</u>	<u>2,722,688</u>	<u>2,337,174</u>
<u>Change in Net Assets for Year</u>	<u>(295,552)</u>	<u>191,810</u>	<u>(103,742)</u>	<u>(148,230)</u>
Opening Net Assets	<u>5,546</u>	<u>656,908</u>	<u>662,454</u>	<u>810,684</u>
Ending Net Assets (Deficit)	<u>(290,006)</u>	<u>848,718</u>	<u>558,712</u>	<u>662,454</u>

The accompanying notes are an integral part of these financial statements.

NEW YORK DISASTER INTERFAITH SERVICES  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2007  
(With Comparative Totals for 2006)

	<u>2007</u>	<u>2006</u>
Net Cash Flows Provided (Used):		
Net Cash Flows from Operating Activities		
Change in Net Assets for Year	\$ (103,742)	\$(148,230)
Depreciation	19,180	16,797
Investment (gain) loss	-	(11,560)
Decrease (increase) in assets		
Grants receivable	143,816	(143,816)
Other receivables	7,183	(6,182)
Prepaid expenses	(690)	518
Security deposit	-	(2,279)
Increase (decrease) in liabilities		
Accrued expenses	<u>(7,805)</u>	<u>17,207</u>
Net Cash Flows from Operating Activities	<u>57,942</u>	<u>(277,545)</u>
Cash Flows from Investing Activities:		
Purchase of fixed assets	(30,578)	(15,030)
Purchase of investments	-	(5,893,464)
Proceeds from investments	<u>88,276</u>	<u>6,117,866</u>
Net Cash Flow from Investing Activities	<u>57,698</u>	<u>(209,372)</u>
Net Increase (Decrease) in cash for year	115,640	(68,173)
Cash, beginning of year	<u>2,478</u>	<u>70,651</u>
Cash, end of year	<u><u>118,118</u></u>	<u><u>2,478</u></u>

The accompanying notes are an integral part of these financial statements.

NEW YORK DISASTER INTERFAITH SERVICES  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2007  
(With Comparative Totals for 2006)

	<u>NYC 9/11 Recovery</u>	<u>Disaster Planning and Training</u>	<u>NYC 9/11 Unmet Needs Roundtable</u>	<u>Recovery/ Response</u>	<u>Vista</u>
Grants and Aid	\$ 24,517		\$1,383,758	\$ 3,747	
Salary and benefits	76,777	\$ 57,172	329,445	21,318	\$34,661
Rent	14,545	21,698	37,308		
Phone and internet	1,641		7,552		
Printing and website	6,132		33,096		
Office supplies and equipment			6,003		
Depreciation	2,052	1,528	8,807	570	927
Consultants		3,340	2,006		
Insurance					
Accounting and auditing					
Travel and conferences	26,101	8,560	15,458	1,131	1,606
Annual Meeting and Board	9,570				
Dues and memberships					
Database			48,205	28,309	
Outreach	44,187				
Other	<u>2,442</u>	<u>          </u>	<u>33,261</u>	<u>400</u>	<u>4,841</u>
	<u>207,964</u>	<u>140,503</u>	<u>1,885,003</u>	<u>27,166</u>	<u>42,037</u>

The accompanying notes are an integral part of these financial statements.

<u>Chaplaincy</u>	<u>Total Program</u>	<u>General and Administrative</u>	<u>Fund-raising</u>	<u>Total 2007</u>	<u>Total 2006</u>
	\$1,412,022			\$1,412,022	\$ 1,168,958
\$37,826	557,199	\$ 84,524	\$ 75,761	717,484	630,674
13,570	87,121	16,702	16,701	120,524	86,060
1,111	10,304	7,505	7,505	25,314	24,538
	39,228	3,738	3,838	46,804	48,778
	6,003	11,672	11,672	29,347	31,865
1,011	14,895	2,260	2,025	19,180	16,797
	5,346		30,272	35,618	76,487
		6,044		6,044	5,442
		16,387		16,387	28,324
	52,858	15,022	3,439	71,319	137,332
	9,570	25,450		35,020	25,449
		3,400		3,400	2,778
	76,514			76,514	40,155
	44,187			44,187	-
	<u>40,944</u>	<u>11,290</u>	<u>11,290</u>	<u>63,524</u>	<u>13,537</u>
<u>53,518</u>	<u>2,356,191</u>	<u>203,994</u>	<u>162,503</u>	<u>2,722,688</u>	<u>2,337,174</u>

NEW YORK DISASTER INTERFAITH SERVICES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**NOTE 1 Organization and Summary of Significant Accounting Policies**

**Organization**

The New York Disaster Interfaith Services (NYDIS) was incorporated on August 5, 2003 and began operations on November 1, 2003. The mission of the organization is to empower faith communities to respond effectively to disasters by facilitating disaster planning, providing professional training, coordinating community based preparedness and training with New York City Office of Emergency Management and FEMA, victim's assistance programs and spiritual care and counseling.

**Tax-Exempt Status**

NYDIS is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported organization.

**Basis of Presentation**

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of NYDIS and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of NYDIS or by the passage of time.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**Accrual Basis**

The accompanying financial statements are prepared on the accrual basis of accounting. Revenues and related assets are recognized when earned, and expenses are recognized when incurred.

**Use of Estimates**

Management of NYDIS has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues and expenses in the preparation of these financial statements. Actual results could differ from those estimates.

NEW YORK DISASTER INTERFAITH SERVICES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**NOTE 1 Organization and Summary of Significant Accounting Policies (Continued)**

**Fixed Assets**

The cost of furniture and office equipment has been capitalized at purchase cost is being depreciated using the straight-line method over the following estimated useful lives:

Furniture	10 years
Office equipment	5 years
Computer equipment	3 years

**Definition of Cash**

For purposes of cash flows, the organization defines cash as cash held in checking and money market accounts. Investment cash accounts are shown as part of investments.

**NOTE 2 Temporarily Restricted Net Assets**

Net assets released from restrictions during 2007 were for the following purposes:

NYC 9/11 Recovery	\$ 207,964
Response/recovery	27,166
NYC 9/11 Unmet Needs Roundtable	1,885,003
Disaster Planning and Training	140,503
Vista	42,037
Chaplaincy	53,518
General and Administrative	<u>292,159</u>
	<u>2,648,350</u>

At December 31, 2007, temporarily restricted net assets were restricted for the following purposes:

NYC 9/11 Recovery	\$ 38,599
NYC 9/11 Unmet Needs Roundtable	760,493
Chaplaincy	<u>49,626</u>
	<u>848,718</u>

Some of the above restrictions will be released for general and administrative purposes.

**NOTE 3 License Agreement**

NYDIS has a license agreement with Lutheran Disaster Response (LDR) of New York, Inc. to use and occupy a portion of LDR's office space. The agreement began on November 1, 2003, was amended on February 1, 2006 and expires on October 31, 2008. The agreement may be terminated upon 30 days written notice and agreement of the NYDIS and LDR. Monthly payments under the agreement are \$4,215.

NEW YORK DISASTER INTERFAITH SERVICES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**NOTE 4 Marketable Securities**

Marketable securities at December 31, 2007 were as follows:

	<u>Fair Value</u>
Investment cash	\$100,032
Commercial paper	<u>300,000</u>
	<u>400,032</u>

At December 31, 2007, the fair value of investments approximates cost. Fair Value is determined by market prices quoted by the custodian.

**NOTE 5 Retirement Benefits**

The organization contributes to retirement plans for all eligible employees at the rate of 11% of salary plus up to an additional 2% match of voluntary employee contributions. Total pension expense was \$42,349.

**NOTE 6 Concentration of Risk**

Due to the size of grants and operating expenses, from time to time the organization's cash balances exceed Federally insured limits. The organization manages this risk by using a large, international and well established bank.

**NOTE 7 Uncertainty**

As of December 31, 2007, the Organization has a deficit in unrestricted net assets of \$290,006 primarily due to the inability to obtain funding for its Disaster Planning and Training Program. In addition, funding for the Unmet Needs Roundtable is scheduled to terminate in 2008. Finally, the Organization's license agreement for office space is due to expire on October 31, 2008. Unless new sources of funding are found, there is substantial doubt that the Organization will be able to continue past October 31, 2008. Management is seeking additional sources of funds.